

# **Transportation Revenue Forecast Council**

## **September 2009 Transportation Economic and Revenue Forecasts**

### **Volume I: Summary Document**

# Washington Transportation Economic and Revenue Forecast September 2009 Forecast

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## Preface

Washington law mandates the preparation and adoption of economic and revenue forecasts. The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not made by the Economic and Revenue Forecast Council (RCW 43.88.020). The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. Each quarter, technical staff of the Department of Licensing, Department of Transportation and the Office of Forecast Council produce forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

## Transportation Forecast Summary

### Forecast Overview

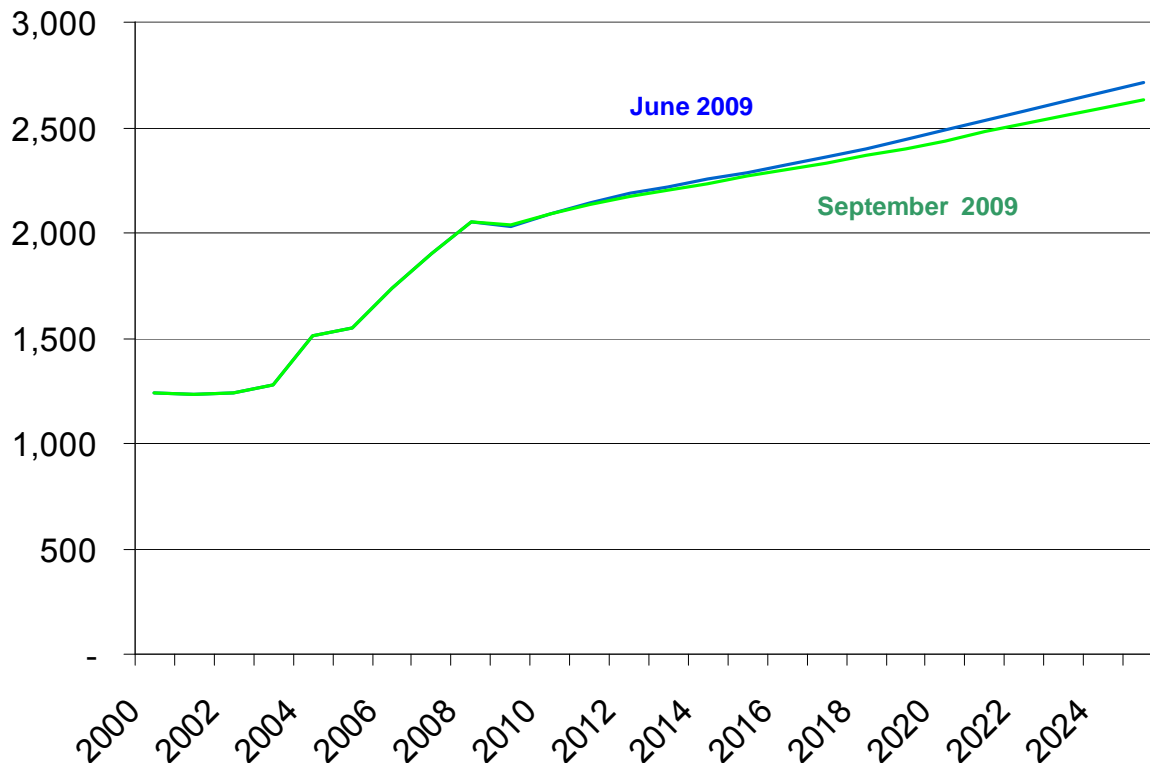
Here are key conclusions from the September 2009 transportation revenue forecast.

- September 2009 transportation revenues: \$4.1 billion for the 2007-09 biennium and \$4.2 billion projected for the 2009-11 biennium (0.3% below the prior forecast)
- The September forecast has declined slightly from the prior forecast for all years through the 16-year forecast horizon but generally this forecast has only minor adjustments in revenue from the last forecast
- Because the forecast reflects current law, the September baseline forecast assumes no future ferry fare or Tacoma Narrows Bridge toll rate increases for the 16-year forecast horizon. Future fare and toll increases will be incorporated into the forecast as they are adopted by the Transportation Commission.
- Overall transportation revenue increased slightly in the 2007-09 biennium by \$8 million or 0.2% over the prior forecast but declines by \$13 million in the 2009-11 biennium with the major revenue sources (gasoline tax; licenses, permits, and fees; and toll revenue) causing the majority of the decline
- Projections of Washington personal income and inflation are nearly the same as in the June forecast and fuel prices are projected to be higher in the near term which has resulted in lower transportation revenues
- The primary driver in the loss in fuel taxes in the near term has been the decline in gasoline and diesel fuel consumption as collections in June and July have fallen short of the prior forecast
- Gasoline tax revenue is down \$3.7 million in the 2009-11 biennium. In subsequent biennia diesel tax revenue is down by \$2 million per biennium over the prior forecast and falls to less than a \$1 million decline in the 2023-25 biennium over the June forecast
- Ferry fare revenue is up by \$270,000 from the last forecast for the 2007-09 biennium. Farebox revenue is up \$474,000 in the 2009-11 biennium over the prior forecast. Vessel non-fare revenue is down in the current and subsequent biennia from the prior forecast

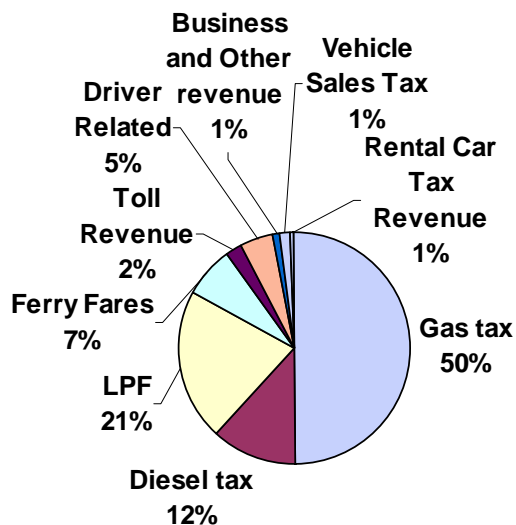
Transportation revenues for the 2007-09 biennium were \$4.08 billion which is an increase of \$8.6 million over the prior forecast. Total transportation revenues are projected to be \$4.22 billion in the 2009-11 biennium which is a 3.5% increase over the prior biennium as the economy begins to recover from the recession. Higher gas prices, as well as lower tax collections, have dropped the future biennia motor fuel tax projections slightly. FY 2010 transportation revenues are projected to be \$2.1 billion which is a year

over year growth rate of 2.5% and 0.3% below the prior forecast. The difference between the September 2009 and the prior forecast over the entire 16-year forecast horizon is \$69 million or -0.2%.

**Figure 1 Total Transportation Revenues Comparison**  
**September 2009 forecast vs. June 2009 forecast**  
*millions of dollars*



**Figure 2 Revenue by Source**  
**September 2009 forecast for 2009-11 biennium**



Washington State's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Washington's transportation revenues forecasted each quarter includes the revenue sources

**Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues**  
**September 2009 forecast - millions of dollars**

Forecast to Forecast Comparison for Transportation Revenues and Distributions									
September 2009 • millions of dollars									
	2007-09			Current Biennium 2009-11			16-Year Period (2007-2023)		
	Forecast Sep-09	Chg from Jun-09	Percent Change	Forecast Sep-09	Chg from Jun-09	Percent Change	Forecast Sep-09	Chg from Jun-09	Percent Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	2,491.60	(2.29)	-0.09%	2,605.99	-3.07	-0.12%	22,228.53	-22.61	-0.10%
Licenses, Permits and Fees	896.11	10.22	1.15%	889.08	-7.38	-0.82%	7,800.18	-51.52	-0.66%
Ferry Revenue† Δ	300.00	0.22	0.07%	308.23	0.12	0.04%	2,718.76	14.21	0.53%
Toll Revenue ^	76.93	0.96	1.27%	97.45	-3.67	-3.63%	859.47	-3.49	-0.40%
Aviation Revenues	5.21	(0.20)	-3.63%	4.97	-0.34	-6.39%	41.61	-2.59	-5.86%
Rental Car Tax	46.97	0.07	0.15%	44.55	1.21	2.79%	480.05	0.19	0.04%
Vehicle Sales Tax	62.71	0.26	0.41%	57.76	-0.73	-1.25%	639.34	-10.64	-1.64%
Driver-Related Fees	186.56	0.64	0.34%	196.06	-1.52	-0.77%	1,675.05	4.23	0.25%
Business/Other Revenues	14.45	(1.25)	-7.98%	16.48	2.39	16.95%	121.96	2.00	1.67%
<b>Total Revenues</b>	<b>4,080.54</b>	<b>8.63</b>	<b>0.21%</b>	<b>4,220.55</b>	<b>-13.00</b>	<b>-0.31%</b>	<b>36,564.94</b>	<b>-70.23</b>	<b>-0.19%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	151.88	0.49	0.33%	124.14	-1.82	-1.45%	1,156.91	-2.66	-0.23%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,070.66	0.10	0.01%	1,086.77	0.89	0.08%	9,306.77	-27.22	-0.29%
Transportation 2003 (Nickel) Account (550)	345.54	0.37	0.11%	359.76	-0.72	-0.20%	3,073.33	-3.62	-0.12%
Transportation 2005 Partnership Account (09H)	514.17	0.76	0.15%	598.01	-1.53	-0.26%	5,037.94	-9.23	-0.18%
Multimodal Account (218)	236.94	2.81	1.20%	227.48	-0.01	-0.01%	2,222.15	-11.76	-0.53%
Special Category C Account (215)	47.67	(0.01)	-0.02%	49.18	-0.07	-0.15%	419.05	-0.42	-0.10%
Puget Sound Capital Construction Account (099)	34.69	(0.01)	-0.02%	35.78	-0.05	-0.15%	304.90	-0.30	-0.10%
Puget Sound Ferry Operations Account (109)	358.54	0.15	0.04%	368.79	-0.11	-0.03%	3,239.84	12.52	0.39%
Tacoma Narrows Bridge Account (511)*	76.41	0.94	1.25%	96.04	-3.56	-3.58%	856.56	-3.05	-0.36%
High Occupancy Toll Lanes Account (09F)*	0.514	0.023	4.64%	1.41	-0.11	-7.43%	2.91	-0.44	-13.07%
Aeronautics Account (039)	5.21	(0.20)	-3.63%	4.97	-0.34	-6.39%	41.61	-2.59	-5.86%
State Patrol Highway Account (081)	315.24	2.16	0.69%	321.11	-3.24	-1.00%	2,820.70	-22.35	-0.79%
Highway/Motorcycle Safety Accts. (106 & 082)	157.72	0.97	0.62%	164.41	-1.12	-0.68%	1,405.86	7.61	0.54%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	21.61	0.20	0.92%	15.97	0.04	0.28%	140.41	0.40	0.28%
<b>Total for State Use</b>	<b>3,184.92</b>	<b>8.26</b>	<b>0.26%</b>	<b>3,329.67</b>	<b>-9.95</b>	<b>-0.30%</b>	<b>28,872.04</b>	<b>-60.45</b>	<b>-0.21%</b>
<b>Local Uses</b>									
Cities	182.83	(0.04)	-0.02%	188.60	-0.28	-0.15%	1,607.10	-1.60	-0.10%
Counties	299.87	(0.03)	-0.01%	308.87	-0.55	-0.18%	2,634.36	-3.22	-0.12%
Transportation Improvement Board (112 & 144)	195.36	(0.04)	-0.02%	201.51	-0.30	-0.15%	1,717.17	-1.71	-0.10%
County Road Administration Board (102 & 186)	65.68	(0.01)	-0.02%	67.75	-0.10	-0.15%	577.36	-0.58	-0.10%
<b>Total for Local Use</b>	<b>743.75</b>	<b>(0.13)</b>	<b>-0.02%</b>	<b>766.73</b>	<b>-1.23</b>	<b>-0.16%</b>	<b>6,535.99</b>	<b>-7.11</b>	<b>-0.11%</b>
<b>Total Distribution of Revenue</b>	<b>4,080.54</b>	<b>8.63</b>	<b>0.21%</b>	<b>4,220.55</b>	<b>-13.00</b>	<b>-0.31%</b>	<b>36,564.94</b>	<b>-70.23</b>	<b>-0.19%</b>

**Figure 4 September 2009 Forecast Biennium Comparison with Baseline Forecast (March 2009) of All Transportation Revenues - millions of dollars**

Current Forecast and Legislative Baseline Comparison for Transportation Revenues									
September 2009 • millions of dollars									
	2007-09			Current Biennium 2009-11			16-Year Period (2007-2023)		
	September 2009 forecast	Chg from Baseline*	Percent Change from Baseline	September 2009 forecast	Chg from Baseline*	Percent Change from Baseline	September 2009 forecast	Chg from Baseline*	Percent Change from Baseline
<b>Sources of Revenue</b>									
Motor Vehicle Fuel Taxes	2,491.60	(9.44)	-0.4%	2,605.99	(51.45)	-1.94%	22,228.53	(322.33)	-1.4%
Licenses, Permits and Fees	896.11	9.70	1.1%	889.08	(8.38)	-0.93%	7,800.18	(43.56)	-0.6%
Ferry Revenue† Δ	300.00	1.79	0.6%	308.23	1.21	0.39%	2,718.76	(10.03)	-0.4%
Toll Revenue ^	76.93	1.49	2.0%	97.45	(15.16)	-13.46%	859.47	(14.44)	-1.7%
Aviation Revenues	5.21	(0.65)	-11.1%	4.97	(1.00)	-16.83%	41.61	(7.79)	-15.8%
Rental Car Tax	46.97	0.47	1.0%	44.55	2.37	5.61%	480.05	(0.42)	-0.1%
Vehicle Sales Tax	62.71	(1.22)	-1.9%	57.76	(7.08)	-10.91%	639.34	(34.27)	-5.1%
Driver-Related Fees	186.56	2.16	1.2%	196.06	(0.25)	-0.13%	1,675.05	23.45	1.4%
Business/Other Revenues	14.45	(1.70)	-10.5%	16.48	3.46	26.63%	121.96	8.40	7.4%
<b>Total Revenues</b>	<b>4,080.54</b>	<b>2.62</b>	<b>0.1%</b>	<b>4,220.55</b>	<b>(76.28)</b>	<b>-1.8%</b>	<b>36,564.94</b>	<b>(400.97)</b>	<b>-1.1%</b>

+ Fares plus non-farebox revenue

2007-09 is the first biennium to include Tacoma Narrows Bridge toll revenue; November 2008 was the first forecast to include HOT Lanes toll revenue; March 2009 is the first forecast to include revenue from transponder sales, violation fines and fees

\* 09LEG - Conference final 4/22/09 and adjusted for rebasing toll and ferry revenue as described below

^ TNB baseline toll revenue history was rebased to exclude future toll rate increases beginning in FY 2011

Δ Ferry baseline revenue was rebased to represent no new fare increases and the Sept. 2009 ferry revenue forecast included the 2.5% fare increase authorized by the Commission in September 2009.

contained in Figure 2. This pie graph reveals the share of each state revenue source to the total transportation revenues forecasted (\$4.2 billion) in September 2009 for the 2009-11 biennium. Gasoline fuel taxes comprise the largest share of all transportation revenue at 50% of total transportation revenue in the 2009-11 biennium. With the addition of diesel fuel taxes, motor vehicle fuel taxes comprise 62% of all transportation revenues. Licenses, permits, and fee revenues comprise the second largest share at 21% of all transportation revenues in the 2009-11 biennium. These revenue sources (gasoline taxes, diesel fuel taxes and licenses, permits, and fees) are projected to consist of 83% of state transportation revenues in the 2009-11 biennium. The remaining 17% consists of ferry fares, toll revenue, driver related revenue, vehicle sales tax, rental car tax, and other transportation related revenue.

## Economic Variables Forecast

Several economic variables are used in forecasting Washington's transportation revenues each quarter. Key economic variables include the following: Washington personal income, population, inflation, oil price index, fuel efficiency, US sales of light vehicles and Washington driver in-migration.

### *WA Personal Income*

The September 2009 forecast is based on the **September** Global Insight forecasted variables as well as those forecasted by the Economic and Revenue Forecast Council. Key economic variables like Washington's personal income have recently been rebased to 2005 by BEA. This has resulted in an 11% increase in the value of Washington personal income. Therefore, the revised Washington personal income has slightly higher annual percentage change since the last forecast in June. In the current forecast, the annual percent change in Washington personal income is 0.03% for FY 2010 versus the last forecast at -0.3%. For FY 2011, the current forecast essentially assumes a slight increase from FY 2010 at 3.1% versus the June forecast which projected a 2.8% growth. In the near-term, the current forecast of Washington personal income is slightly more optimistic on the economy than previous forecasts. On a quarterly basis, the September 2009 Washington personal income forecast is approximately 0.13% higher for the third quarter than last forecast at -0.8%. Conversely, the Sept fourth quarter forecast is down slightly to -0.06% as opposed to 0.01%. Throughout all quarters in 2011 and 2012, the average quarterly projection for Washington personal income beginning in the first quarter of 2011 through fourth quarter of 2012 is 0.8% which is the same average growth rate as projected in the June forecast for the same time period. In the long-term the Sept 2009 forecast of Washington personal income annual growth rates are based on the June 2009 OFM long-term forecast for income. The new OFM long-term growth rates are as follows: fiscal years 2012-2014 - 3%; fiscal years, 2015-2019 - 3.4%; fiscal years 2020 and beyond - 3.1%.

### *WA Population*

The Washington forecast for population by OFM did not change from the prior forecast.

### *U.S. Inflation*

The U.S. inflation rate forecast is from Global Insight's September 2009 projection, which has been rebased to 2005. The U.S. inflation rate as measured by the implicit price deflator (IPD) is lower in the near term for FY 2010 and FY 2011 than the last forecast. The implicit price deflator dropped for FY2009 to 1.5% from 1.8% in the June 2009 forecast. For FY 2010, the IPD is forecasted to be 0.5% which is a decrease from 1.1% projected in the last forecast for FY 2010. In FY 2011, the current projection in the IPD is 1.6% which is a decline of 20% from 2% projected in the prior forecast. In FY 2012, the September and June forecasts are nearly the same at a growth rate of 1.8%. In all subsequent years in the forecast horizon, except for FY 2015, the September forecast of IPD is either equal or slightly lower than the prior forecast.

### *U.S. Oil and Gas Price Index*

The September 2009 Global Insight forecast for U.S. oil and gasoline price index has also had revisions from the rebasing of data to 2005. The U.S. oil and gasoline price index is higher than the prior forecast for fiscal years 2009-11. The annual fiscal year to fiscal year change in this fuel price index is 10% for FY 2010 which represents higher anticipated fuel prices than in the June forecast which had a decline in fuel prices of -16%. In FY 2011, the growth in the US fuel price index is 9.9% which is an increase from the last forecast of 7.8%. This reveals that in the near term, fuel prices will be higher than anticipated in the last forecast. In FY 2012, the change in the US fuel price index is 12% which is close to the 13.2%

projection in the June forecast. This indicates that once the economic recession is over, fuel prices are not projected to rise as fast as anticipated in the last forecast. In subsequent years after FY 2012 until FY2022, the September growth rates in the US fuel price index are below the growth rates in the June forecast which reveals that the current projections for future increases in fuel prices will not be as rapid over the remainder of the forecast horizon. The growth rates for the oil and gasoline price index are the same as the June forecast for years after FY 2022.

#### *U.S. Fuel Efficiency (MPG)*

The rate of change in fuel efficiency in miles per gallon from the September GI forecast has changed significantly from the last forecast. The new fuel efficiency variable represents the higher fuel efficiency standards directed by the Obama administration. The new fuel efficiency variable begins to deviate from the June forecast in FY 2010 by 0.1% with an increase to 1.1% from 1% in the June forecast. The difference between the old and new fuel efficiency standards grows over time until the September forecast is nearly 30% above the June forecast with a 0.5% difference between the two forecasts for the fuel efficiency variable. Between FY 2010 and FY 2025, the average annual growth rate is 2% which is 13% higher than 1.77% projected from the old fuel efficiency standards in the June forecast.

#### *U.S. Sales of Light Vehicles*

Sales of new light vehicles throughout the U.S. have declined significantly, 22% for FY 2009, but less than projected in the June forecast of 32% decline year over year. In 2010, sales of light vehicles are projected to begin to recover as the fiscal year growth between 2009 and 2010 is projected at 9.4%. The big recovery is projected to occur in FY 2011 with a 22.8% increase year over year. In the long-term, this September Global Insight projection of US sales of new light vehicles is below the projection in the June forecast.

#### *WA Driver In-Migration*

OFM's projections of driver in-migration has changed since the June forecast, see Figure 8. Washington's projected growth of new drivers in the state is down for FY 2009 to -0.7% as opposed to 0.4% in the prior forecast. The year over year growth between FY 2009 and 2010 is projected to be -3.6% which is lower than the last forecast projection of 0.7%. In FY 2011, the growth rate for September is higher at 2.3% as

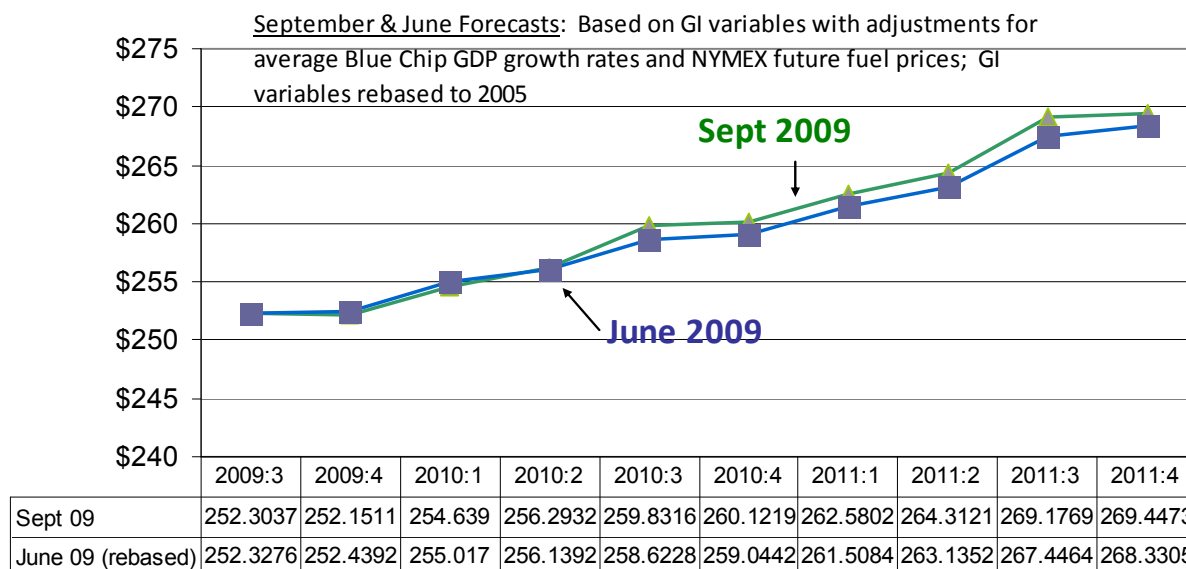
**Figure 5 Annual Percentage Change (%) in Select Economic Variables  
September 2009 forecast**

Fiscal Year	WA Personal Income	Annual Population	U.S. General Prices (IPD)	U.S. Oil & Gas Price Index	U.S. Fuel Efficiency (MPG)	U.S. Sales of Light Vehicles (CY)	WA Driver In-Migration
2008	3.6	1.8	3.3	16.5	1.4	-6.2	-13.8
2009	0.7	1.8	1.5	-37.1	0.9	-22.2	-0.7
2010	3.1	1.6	0.5	10.0	1.1	9.4	-3.6
2011	3.5	1.6	1.6	9.9	1.4	22.8	2.3
2012	3.0	1.6	1.8	12.0	1.5	12.9	1.2
2013	3.0	1.5	1.6	7.5	1.7	6.3	0.1
2014	3.4	1.5	1.7	3.4	1.7	2.8	-0.2
2015	3.4	1.4	1.8	3.3	1.8	2.2	-0.7
2016	3.4	1.3	1.8	3.2	1.9	0.2	-0.6
2017	3.4	1.3	1.8	3.2	2.0	-2.1	-0.2
2018	3.4	1.2	1.9	3.1	2.0	-1.3	-0.01
2019	3.1	1.2	1.9	2.5	2.0	1.1	0.05
2020	3.1	1.2	1.8	0.5	2.1	3.5	0.04
2021	3.1	1.1	1.8	-1.9	2.0	3.0	0.03
2022	3.1	1.1	1.7	-1.9	2.0	3.2	0.03
2023	3.1	1.1	1.8	1.1	1.9	2.6	0.02
2024	3.1	1.1	1.9	1.1	1.8	2.3	0.02
2025	3.1	1.1	1.8	1.1	1.7	2.1	0.01

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management and September 2009 Global Insight forecast

opposed to 0.9% projected in June. In the long-term, the September forecast of Washington driver immigration is projected to be lower than the June forecast.

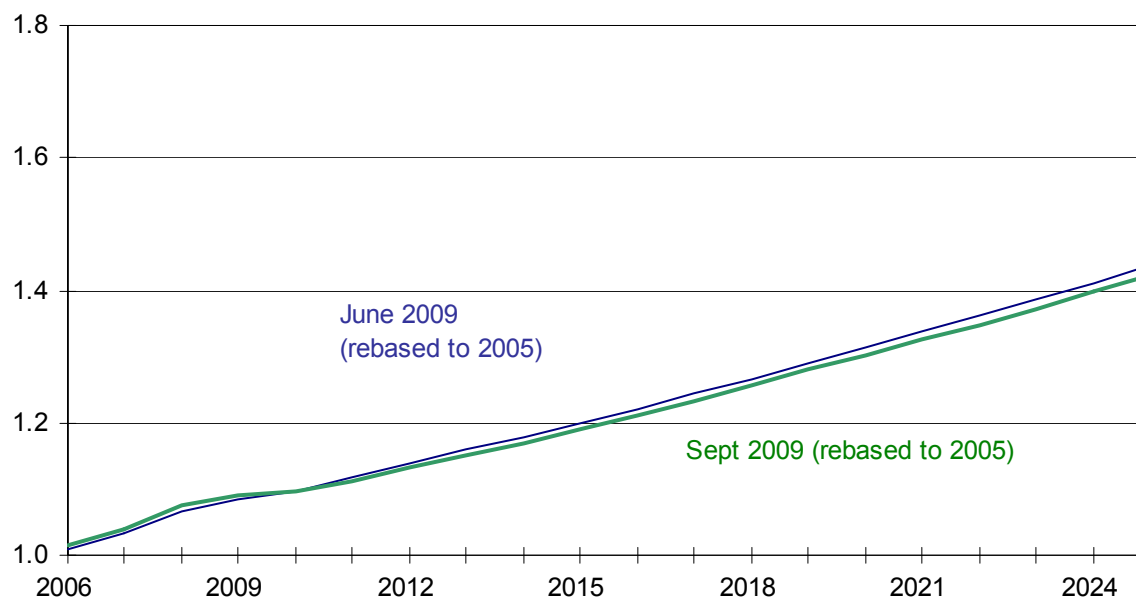
**Figure 6 Washington Quarterly Real Personal Income Comparison**  
**September 2009 vs. June 2009 forecast**  
*billions of dollars*



*Source: Washington Economic and Revenue Forecast Council*

**Figure 7 Inflation Comparison – U.S. Implicit Price Deflator for Personal Consumption**  
**September 2009 forecast vs. June 2009 forecast**

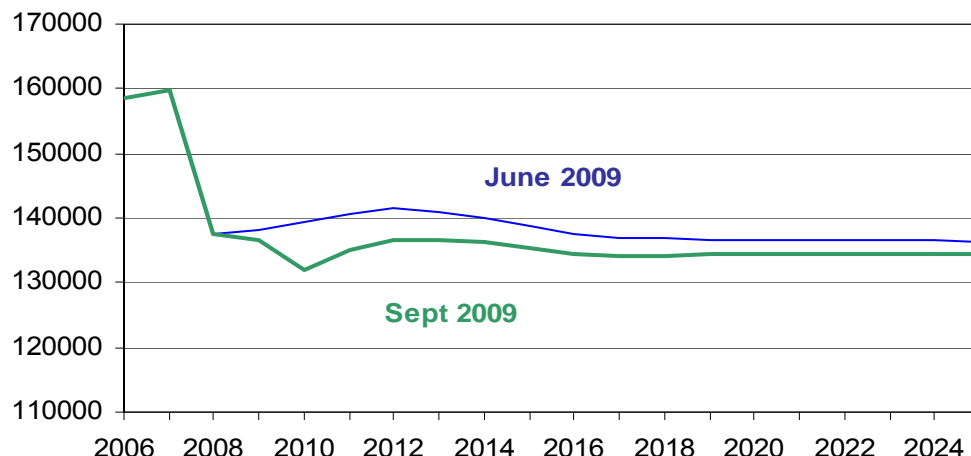
*base year 2005 = 1.00 for both June and September 2009 forecasts*



*Source: Washington Economic and Revenue Forecast Council and September 2009 Global Insight forecast*

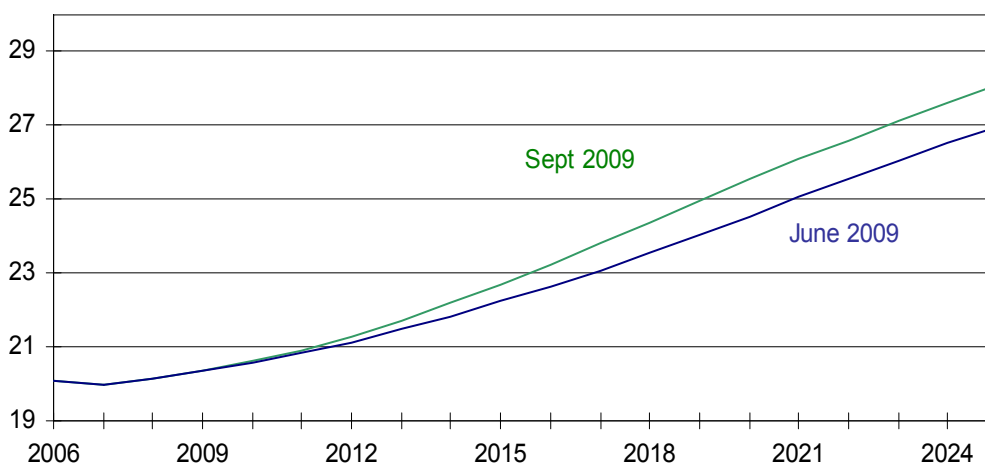


**Figure 8 Washington Driver In-Migration Comparison – September 2009 forecast vs. June 2009 forecast**



Source: Washington Office of Financial Management

**Figure 9 U.S. Light Duty Vehicle Fleet Efficiency Comparison September 2009 forecast vs. June 2009 forecast**  
miles per gallon



Source: Sept 2009 Global Insight forecast

## Motor Fuel Price Forecast

Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related to the price of gasoline. In addition, the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The price forecast includes the following fuel price projections: U.S. West Texas crude oil, Washington retail prices of gasoline, diesel and biodiesel, and wholesale price of diesel without taxes.

The September 2009 fuel price forecasts are up for the near term as compared to the June forecast.

### Source of data for forecast

For the Washington retail price of gasoline, actual fuel prices are collected from the Energy Information Administration (EIA) survey of retail prices for all grades of gasoline in the state. For the retail price of diesel, actual prices are collected from American Automotive Association's (AAA) weekly publication of

retail prices for diesel in Washington. Actual wholesale diesel prices are reported by the Washington State Ferries. In the short term, the fuel price forecasts are based on the Energy Information Agency (EIA) projections. Beyond 2010, fuel price projections are based on Global Insight's oil and fuel price and producer price index (PPI) for petroleum products projections from their June 2009 forecast. The wholesale price of diesel is forecasted in the long-term based on Global Insights' June 2009 forecast of PPI for refined petroleum products.

#### *U.S. crude oil price trend*

Prices of West Texas Intermediate Crude (WTI) oil are projected to be up slightly in FY 2010 to an average of \$70 per barrel versus the \$67 per barrel estimate in June. Due to higher fuel prices in recent months, oil prices are projected to remain fairly constant throughout fiscal year 2010. The projection for fiscal year 2011 is a 5% increase in crude oil prices over fiscal year 2010. In the long-term, crude oil prices are expected to hit over \$100 per barrel beginning in FY 2018, which is one year later than the June forecast. Crude oil prices are not expected to stay as high above the \$100 per barrel as in the prior forecast. The long-term forecast for crude oil prices is between \$94 and \$101 from fiscal year 2016 and the remainder of the forecast horizon.

#### *Washington retail price of gasoline trend*

Washington retail price of gasoline is projected to be up 4% over the prior forecast for FY 2010. Retail gas prices in Washington are projected at an average of \$2.90 per gallon versus \$2.79 per gallon in September for FY 2010. In FY 2011 retail gasoline prices in Washington are projected to be \$3.20 per gallon, which is 8% higher than June's gas price forecast. In the long-term, gasoline prices are expected to rise but the September gas price forecast does not anticipate as high an increase as in the prior forecast. In addition, this September fuel price forecast does not have gasoline prices falling much after FY 2016. Washington retail gasoline prices are projected to hit \$4 per gallon or more by FY 2017. The September 2009 Washington retail gas price is projected to hit a peak price of \$4.17 in FY 2019 which is 11% below the highest price in the last forecast of \$4.69 in FY 2020.

#### *Washington retail price of diesel trend*

Washington's retail price of diesel is projected to average \$2.90 per gallon in FY 2010, which is 2% higher than projected in the last forecast. The price differential between retail gas and diesel has been declining and in this forecast, retail diesel prices are projected to be equal to or below retail gas prices until FY 2017. In FY2010, there is no projected price differential between retail gas and diesel prices. Prior to FY 2010, retail diesel prices were above retail gasoline prices. In the near and long-term, the retail price of diesel in the September forecast is anticipated to be below the June 2009 forecast.

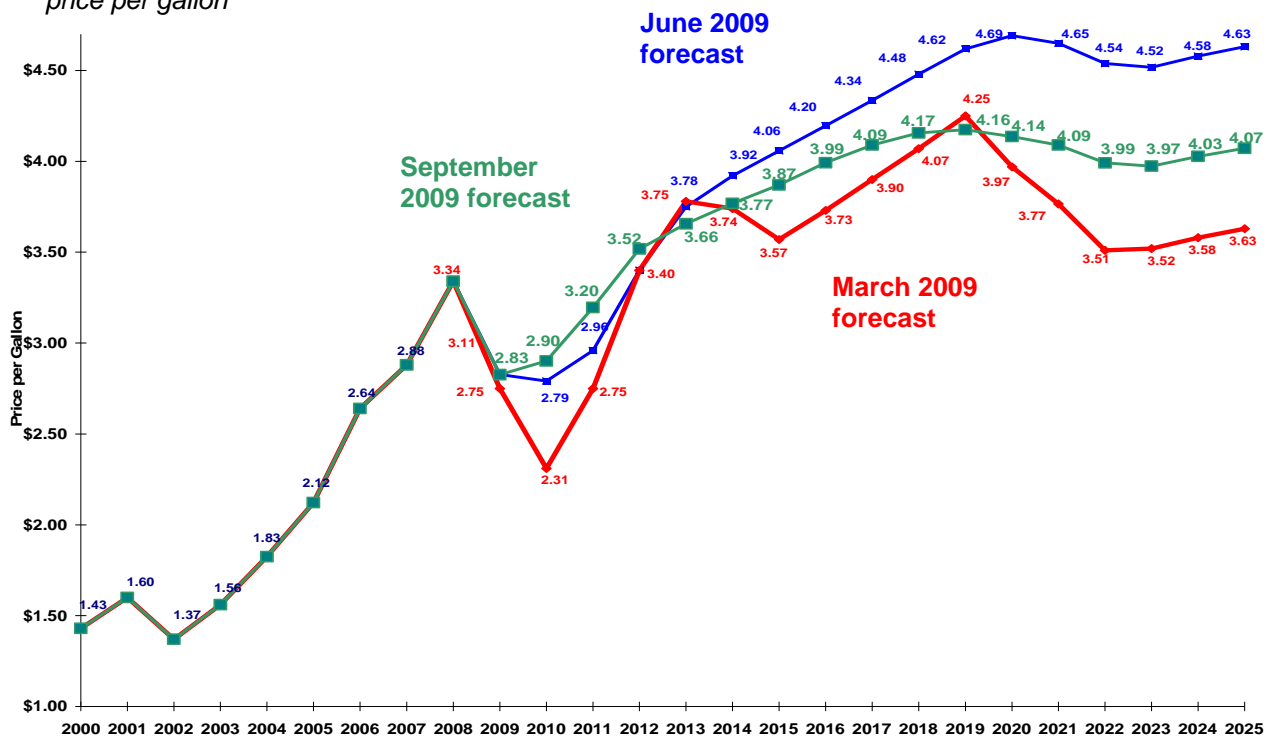
#### *Washington wholesale price of WSF diesel fuel trend*

The trend in Washington's wholesale price of diesel is similar to the trend of the retail price of diesel. Washington's wholesale price of diesel excluding fuel taxes, is a forecast to estimate the diesel cost to Washington State Ferries, has also increased 2% to \$2.15 per gallon for FY 2010 as opposed to \$2.10 per gallon in June. In FY 2011, the wholesale price of diesel is expected to increase to \$2.32 per gallon, which is 5% higher than projected in June.

#### *Biodiesel price trend*

The forecast of the retail price of biodiesel is based on surveys found in the EIA Clean Cities Alternative Fuel Price Reports, ([www.eere.energy.gov/afdc/price\\_report.html](http://www.eere.energy.gov/afdc/price_report.html)). These surveys are conducted quarterly and include regional biodiesel prices for the West. The Washington biodiesel price forecast is for B99/B100. This forecast is based on the West regional prices adjusted to include Washington's retail prices with and without federal and state taxes. According to the latest survey in July 2009, the West biodiesel price was more than 19% above the West Coast regular diesel price. In examining the price differential between biodiesel and regular diesel over a longer time period, an average price differential of 12.5% was determined. This percentage was used as the long-term price differential between the WA retail diesel prices versus biodiesel prices in Washington.

**Figure 10 Forecast of Washington Retail Gasoline Prices, All Grades  
September vs. June and March 2009 forecasts**  
price per gallon



**Figure 11 Near-term Quarterly Fuel Prices  
September 2009 forecast**

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)	Ex-tax Wholesale Diesel Price (\$/gal)	Biodiesel Price with tax (\$/gal)	Biodiesel Price Ex tax (\$/gal)
2008: Q3	118.05	4.08	4.63	3.89	5.13	4.57
2008: Q4	58.35	2.51	3.13	2.20	5.08	4.52
2009: Q1	42.90	2.13	2.53	1.59	3.64	3.08
2009: Q2	59.48	2.59	2.56	1.92	3.37	2.81
<b>FY 2009</b>	69.69	2.83	3.21	2.40	4.30	3.74
2009: Q3	68.41	2.87	2.79	2.07	3.33	2.77
2009: Q4	69.67	2.80	2.85	2.11	3.16	2.60
2010: Q1	71.00	2.91	2.94	2.18	3.23	2.67
2010: Q2	71.67	3.03	3.03	2.24	3.37	2.81
<b>FY 2010</b>	70.19	2.90	2.90	2.15	3.27	2.71
2010: Q3	72.67	3.06	3.04	2.25	3.44	2.88
2010: Q4	74.33	3.00	3.05	2.26	3.27	2.71
2011: Q1	73.00	3.02	3.16	2.34	3.38	2.83
2011: Q2	76.00	3.70	3.27	2.42	3.47	2.91
<b>FY 2011</b>	74.00	3.20	3.13	2.32	3.39	2.83

**Figure 12 Near- and Long-term Annual Fuel Price  
September 2009 forecast**

Fiscal Year	Crude Oil Prices (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)	Ex-tax Wholesale Diesel Price (\$/gal)	Biodiesel Price with tax (\$/gal)	Biodiesel Price Ex tax (\$/gal)
2008	97.03	3.34	3.76	2.90	3.80	3.24
2009	69.69	2.83	3.21	2.40	4.30	3.74
2010	70.19	2.90	2.90	2.15	3.27	2.71
2011	74.00	3.20	3.13	2.32	3.39	2.83
2012	81.00	3.52	3.44	2.55	3.64	3.08
2013	85.16	3.66	3.59	2.66	3.75	3.19
2014	88.62	3.77	3.73	2.76	3.89	3.33
2015	92.17	3.87	3.85	2.85	4.02	3.46
2016	96.30	3.99	3.99	2.96	4.17	3.61
2017	99.20	4.09	4.11	3.04	4.29	3.73
2018	101.08	4.16	4.18	3.10	4.37	3.81
2019	101.46	4.17	4.20	3.11	4.38	3.82
2020	100.38	4.14	4.17	3.09	4.35	3.79
2021	98.79	4.09	4.11	3.05	4.26	3.70
2022	95.36	3.99	3.99	2.96	4.13	3.57
2023	94.41	3.97	3.96	2.94	4.06	3.50
2024	95.73	4.03	4.02	2.98	4.12	3.57
2025	96.77	4.07	4.07	3.02	4.18	3.62

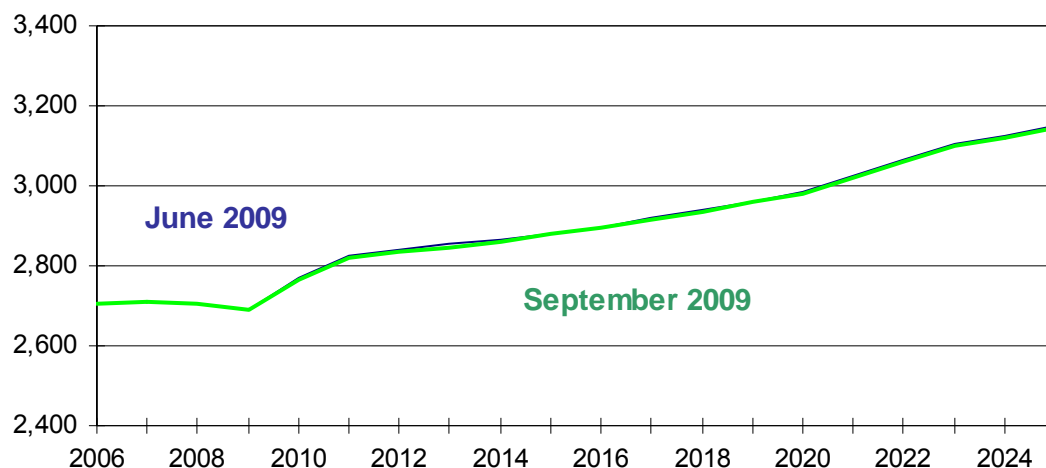
## Motor Vehicle Fuel Tax Forecast

The 2007-09 biennium gross motor vehicle tax collections are \$2.49 billion, which is a 12% increase over the 2005-07 biennium. Since the June 2009 forecast, diesel fuel tax collections came in under forecast for the 2007-09 biennium by \$2.5 million and gasoline tax collections came in slightly above forecast by \$238,461. Overall, the 2007-09 biennium actual gross motor vehicle fuel tax collections were 0.1% below the June forecast. The September 2009 gross motor vehicle fuel tax projection for the 2009-11 biennium is \$2.6 billion which is an increase of 4.4% from the 2007-09 biennium. The September motor fuel tax forecast is projected to be below the June forecast by \$3.2 million (-0.1%) in the current biennium. Motor fuel tax revenues for the 2011–13 biennium are projected to be approximately \$2.67 billion, which is less than the prior forecast by 0.41% or approximately \$11 million. The overall reduction in motor fuel tax revenue for the 16-year period ending in 2023-25 biennium is down \$67 million when compared to the June 2009 revenue forecast.

### *Gasoline consumption and tax revenue*

The year over year growth between 2008 and 2009 of gasoline consumption has been -0.6%. The September forecast for gasoline consumption is 2,767 million gallons for FY 2010 which is a 2.9% increase over the FY 2009 consumption level. The September gasoline consumption level for FY 2010 has been reduced 0.2% over the June gasoline consumption projection. In FY 2011, gasoline consumption is projected to be 1.9% higher than in FY 2010, which is a 0.2% reduction from the June forecast. Figure 12 and the following table show the forecast to forecast comparison of projected gallons consumed and annual percentage change in consumption between the June and September forecasts.

**Figure 13 Gasoline Motor Fuel Consumption Comparison**  
**June 2009 forecast vs. March 2009 forecast**  
*millions of gallons*



**Gasoline Consumption Forecast Comparison – Annual % Change**

Forecast	2010	2011	2012	2013	2014	2015	2016	2017	2018 - 2020	2021	2022	2023 & Beyond
Sept 09	2.9	1.9	0.6	0.5	0.5	0.6	0.5	0.8	0.8	1.3	1.4	< 1.3
June 09	3.1	1.9	0.6	0.4	0.4	0.6	0.5	0.8	0.8	1.3	1.4	< 1.3
% Chg Between forecasts	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

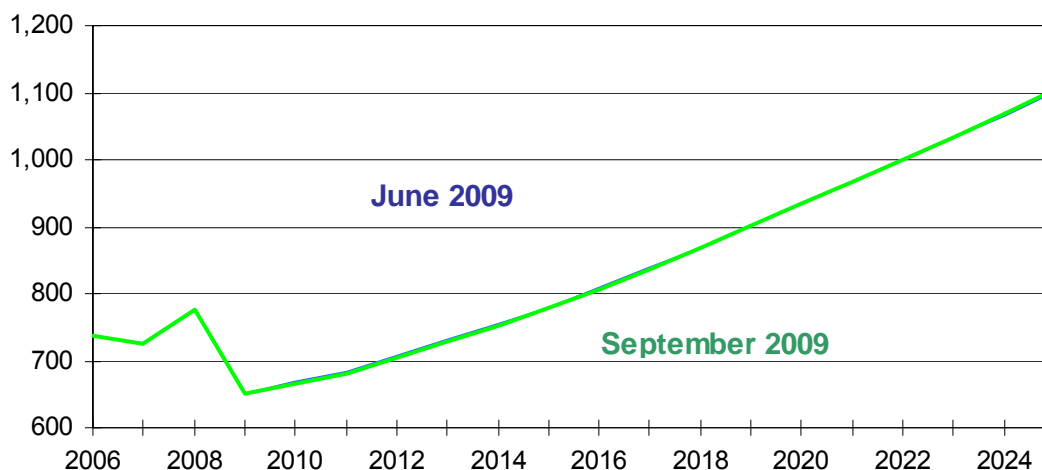
Gasoline tax revenue collections are forecasted to be \$1.975 billion, which is up slightly by \$238,461 (0.01%) over the June forecast for 2007-09 biennium. Gasoline tax revenue is projected to fall \$3.6 million or 0.2% for the 2009-11 biennium over the prior forecast. This forecasted drop in gas tax collections is due to higher projections of fuel prices and slightly lower tax collections than forecasts.

*Diesel consumption and tax revenue*

The fiscal year 2009 diesel consumption was 650 million gallons, which corresponds to a year over year growth between 2008 and 2009 of -16.4%. The September forecast for diesel consumption is 667 million gallons for FY 2010, which is a 2.7% increase over the FY 2009 consumption level. The September diesel consumption level for FY 2010 has been reduced by 0.3% over the June diesel consumption projection. In FY 2011, diesel is projected to be 2% higher than in FY 2010, which is a 0.2% reduction from the June forecast.

Diesel tax collections are down \$2.5 million (0.5%) over the June forecast for the 2007-09 biennium for total tax collections of \$516.5 million. This was the result of tax collections coming in less than forecast for the month of June. In July, diesel tax collections also came in below forecast by \$1.4 million but the August actual gross diesel tax collections were very close to forecast, only \$170,000 below projections. In addition, there was a one month large decline in special fuel tax refunds which caused an increase in special fuel revenue between the September and June forecasts. For the September forecast, diesel tax revenue is projected to be \$508.7 million which is a slight increase of \$612,681 or 0.12% over the prior forecast. In the outer biennium, there is a decline from the last forecast of approximately \$2.2 million per biennium of gross diesel tax collections beginning in the 2011-13 biennium and declining each subsequent biennium until by the last biennium 2023-25, special fuel tax collections are projected to down \$794,437 from the prior forecast.

**Figure 14 Diesel Motor Fuel Consumption Comparison**  
**September 2009 forecast vs. June 2009 forecast**  
*millions of gallons*



**Diesel Consumption Forecast Comparison – Annual % Change**

Forecast	2010	2011	2012	2013	2014	2015	2016	2017-2018	2019 - 2020	2021	2022	2023-2025
Sept 09	2.7	2.0	3.5	3.4	3.4	3.3	3.6	3.8	3.7	3.5	3.4	3.4
June 09	3.0	2.0	3.6	3.4	3.3	3.3	3.6	3.7	3.7	3.5	3.4	3.3
Chg Between forecasts	-0.3	0.0	-0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.1

*Primary reasons for the forecast changes*

- Higher retail fuel prices are projected in FY 2010 through FY 2013. In subsequent years, fuel prices are not expected to grow as fast as in the previous forecast and level off below the projections in the June forecast. The higher fuel prices are expected to dampen fuel tax collections more than anticipated in prior forecast.
- Washington real personal income growth and inflation in the September forecast have not changed significantly from the June forecast.
- The end result is slightly lower gasoline tax and diesel tax projections due to the higher fuel prices and slightly lower fuel tax collections over the past three months.
- Future fuel tax reduction in the 2009-11 biennium is primarily due to a decline in gasoline tax revenue. In the 2011-13 biennium, gasoline and diesel tax projections are each down a little more than \$2 million.

*Motor fuel tax refunds*

Non-highway refunds for gasoline and diesel fuel are accounted for in the motor fuel tax forecast. These refunds reduce net motor fuel tax distributions. There was one month of unusually low non-highway refund of special fuel in the 2009-11 biennium. Beyond the current biennium, non-highway refunds are expected to be slightly down to reflect the small decline in the projections of motor vehicle fuel consumed.

**Figure 15 Short-term Motor Fuel Tax Forecast – By Month of Collection**  
**September 2009 forecast**  
*millions of dollars*

	FY 2008	FY 2009	2007-09 Biennium	FY 2010	FY 2011	2009-11 Biennium
Gasoline Taxes	\$967.6	\$1,007.5	\$1,975.1	\$1,039.6	\$1,057.8	\$2,097.3
Special Fuel Taxes	276.6	239.9	516.5	252.7	256.0	508.7
Total Fuel Revenue	\$1,244.2	\$1,247.4	\$2,491.6	\$1,292.3	\$1,313.8	\$2,606.0
% Change from Prior Fcst	0%	-0.18%	-0.1%	-0.02%	- 0.2%	-0.1%

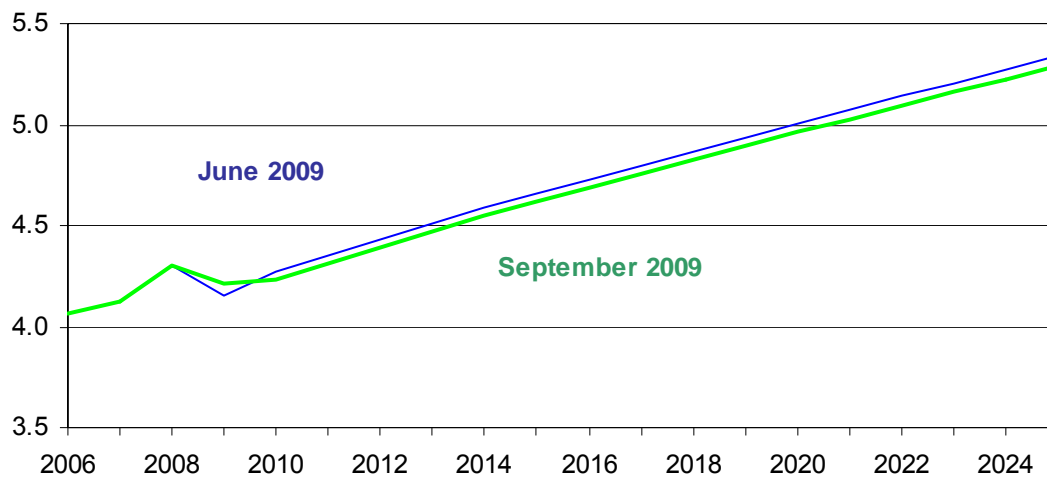
## Motor Vehicle Revenue (Licenses, Permits, and Fees)

The 2007-09 biennium licenses, permits, and fees (LPF) collections came in at \$896 million which was higher than expected in the June forecast by \$10.2 million (1%). In contrast to June 2009 collections, July and August tax collections were significantly below the June forecast. In this current forecast, licenses, permits, and fee revenue is projected at \$889 million for the 2009-11 biennium which is a reduction of \$7.4 million (0.8%) from the prior forecast. In the upcoming 2011-13 biennium, revenue projections are down \$8.15 million from the prior forecast. The primary reasons for the slightly lower forecast is a decline in passenger and truck registrations coming in significantly below the June forecast.

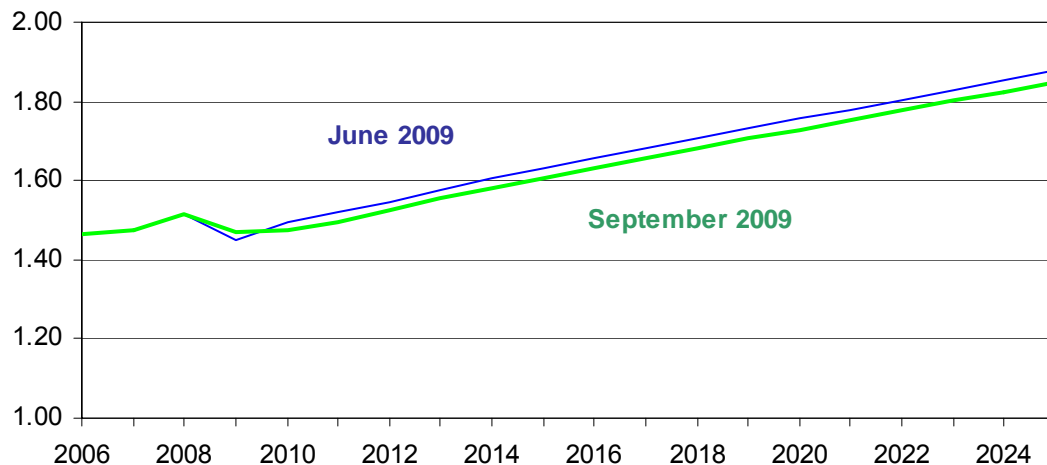
### *Trends in vehicle registrations*

Car and truck growth from 2008 to 2009 is -2.1% for cars and -2.9% for trucks. In the current biennium and beyond, this forecast assumes year to year growth rates for 2010 which are essentially flat and assume more of a U shaped recovery from the current recession. In FY 2011, the growth in passenger vehicles is forecasted at 2% and truck growth is assumed to be 1.5%. In FY 2012 and beyond, the forecast growth rates mirror population growth. The September 2009 forecast for passenger car and truck registrations is approximately 0.9% and 1.5% respectively below the last forecast.

**Figure 16 Passenger Car Comparison**  
**September 2009 forecast vs. June 2009 forecast**  
*millions of vehicles*



**Figure 17 Truck Comparison**  
**September 2009 forecast vs. June 2009 forecast**  
*millions of vehicles*





### *Trends in LPF revenue*

The LPF 2007-09 biennium revenues came in at \$896 million which was above the June forecast by \$10.2 million. Due to the lower than anticipated LPF revenue collections, the 2009-11 biennium LPF forecast has been lowered for vehicles paying the \$30 basic fee by \$2.2 million (0.8%) and for combined license fee vehicles (trucks) by \$6.1 million from the last forecast. Total LPF revenues are down \$7.4 million for the current biennium. LPF revenues in subsequent biennia are also down by \$8 million in the 2011-13 biennium and growing to more than \$9 million in outer biennia.

Passenger vehicle registration revenue is down every biennium, including the current biennium, by more than \$2 million (<1%) each biennium from the prior forecast. Combined license fee (CLF) vehicle revenues are down each biennia over the previous forecast by more than \$6.4 million in the current biennium and growing to \$7.4 million in the last biennium.

Other LPF revenues are down as well in this September forecast as compared to the June forecast for the current biennium: passenger vehicle weight fees (-\$102,843), Vehicle inspection fees (-\$204,000), plate replacement fees (-\$112,000), title fees ( -\$207,800) and dealer temporary plates (-\$75,000).

There are a couple LPF revenues which are projected to grow faster in the current biennium than in the last forecast by more than \$50,000: trip permit administrative fees and surcharge (\$633,300) and DOT special permit fees (\$1.2 million).

### *Primary reasons for the forecast changes*

- The Economic and Revenue Forecast Council projections of Washington personal income is slightly higher than in the last forecast but a U shaped recovery in vehicle registrations is anticipated instead of a V shaped recovery from the current recession.
- The last two months of actual registrations for FY 2010 came in significantly lower than anticipated in June.
- The lower than anticipated dealer temporary permit issuances in FY 2009 in addition to the recessionary economy lead to a downward revision of this forecast.
- Title fee revenue was up slightly over the June forecast for FY 2009. Since the “Cash for Clunkers” title activity has not yet materialized, the title fee forecast for FY 2010 remains unchanged. Although, the forecast for the current biennium decreased slightly due to anticipated softer vehicle sales.

**Figure 18 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)**  
**September 2009 forecast**

*millions of dollars*

	FY 2008	FY 2009	2007-09 Biennium	FY 2010	FY 2011	2009-11 Biennium
Basic \$30 License Fee	\$144.6	\$143.0	\$287.6	\$141.9	\$144.9	\$286.8
Combined License Fee	173.5	169.2	342.7	169.2	171.7	340.9
All Other Fees	135.5	130.3	265.8	128.9	132.5	261.4
Total LPF Revenue	\$453.6	\$442.5	\$896.1	\$440.0	\$449.1	\$889.1
% Change from Prior Fcst			1.15%			-0.08%

### **Driver Related Revenue Forecasts**

The September 2009 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: drivers license fees, motorcycle operator fees, copies of records, motor vehicle filing fees, fines and forfeitures, and drivers license schools. These fees are deposited into the highway safety fund account, motorcycle safety education fund, and the state patrol account. The majority of revenue for these funds reflects a five-year renewal cycle, which has been incorporated into the forecasts. The 2007-09 biennium total driver related revenue is \$186.6 million, an increase of \$0.64 million or 0.35% over the June forecast. In the 2009-11 biennium, the September forecast of driver related revenue is \$196.1 million, down \$1.1 million or .6% from the June forecast.



#### *Driver's Licenses and Revenue Trends*

Original driver licenses have fallen by 1.9% between fiscal year 2008 and 2009. This September forecast projects a 1.8% year-over-year growth in FY 2010, 1.4% below the June forecast. In FY 2011, original driver licenses are projected to grow at 2% from FY 2010 level. In FY 2012, original driver licenses are forecasted to grow at 7.8% over FY 2011 as a result of the economic and employment recovery. From FY 2011 and beyond, the September 2009 forecast of original driver licenses is below the last forecast by 1.1% or less.

Renewals in FY 2009 were 1.2% higher than the June forecast and the July and August renewals also were higher. The forecast continues the higher renewal rate of the past year and slowly reduces it to long-term average of 80% by the end of FY 2012.

The revenue from driver license fees is up \$710,165 in the 2007-09 biennium. In the 2009-11 biennium, the September projection of driver license fees, \$122.4 million, is down \$345,000 (0.3%) from the June forecast. Beginning in the 2011-13 biennium, driver license fees are up approximately \$2 million per biennium over the June forecast.

The Highway Safety Fund (HSF) Motor Vehicle Filing Fees forecast has slightly decreased revenues (-\$6,171 or -0.16%) for the 2007-09 biennium. In the 2009-11 biennium, the September forecast of HSF Motor Vehicle Filing fee, \$3.28 million, is down \$156,400 (4.55%) from the June forecast. The primary reasons for decrease in this forecast are the slightly lower than anticipated revenue collections in FY 2009 and estimated impacts of the closure of the Olympia Vehicle Services Office.

The September forecast of fines and forfeitures deposited into the Highway Safety Fund are slightly higher in FY 2009 (\$1,981 or 0.28%). In the 2009-11 biennium, the September projection of fines and forfeitures, \$872,400, is down \$18,300 (2.0%) from the June forecast.

The Driver License Schools were slightly higher (\$3,817 or 1.87%) in the 2007-09 biennium. In the 2009-11 biennium, the September forecast is up \$7,710 (3.07%) from the June forecast.

#### *Abstracts of Driver Record and Revenue Trends*

Sale of Abstracts of Driver Record (ADR) revenue is deposited into both the Highway Safety Fund (HSF) and the State Patrol Highway Account (SPHA). The ADR actual for FY 2009 is 3,098,417. This growth of 9.3% over FY 2008 is a decline of 1.3% from the June 2009 forecast for 2007-09 biennium. In subsequent fiscal years, the forecast for ADR sales has been decreased by 1.3% over the June forecast. This is a result of the lower activity in July and August, which are typically among the strongest months for sales.

The revenue from the copies of record fees is up \$168,418 (0.5%) for Highway Safety Fund in the 2007-09 biennium over the June forecast. In the 2009-11 biennium, revenue from copies of record fees is projected to be \$33.7 million, and down \$398,040 or 1.2% over the June forecast. In subsequent biennia, the copies of record fees are also projected to be down 1.3% from the June forecast.

The State Patrol Highway Account (SPHA) receives \$5 from each sale of ADR. In the 2007-09 biennium, the SPHA received \$28.8 million, a decrease of \$331,695 over the June forecast. In the 2009-11 biennium, this account is projected to have a decrease of \$401,110 over the June forecast. Overall, SPHA receives about 6% less than HSF as the latter gets additional fees from driver record monitoring, vehicle title and vessel title records.

#### *Motorcycle Safety Education Account Trends*

The Motorcycle Safety Education Account receives revenue from the following sources: motorcycle license endorsements, motorcycle instruction permits and motorcycle examination fees. The motorcycle safety education account received \$4.4 million in the 2007-09 biennium which is an increase of \$94,114 or 2.2% over the June forecast. Revenue in the 2009-2011 biennium is expected to be \$4.0 million, 5% lower than the June forecast. Revenue in subsequent biennia is also projected to be lower than the June forecast following a lower driver in-migration projection.

**Figure 19 Short-term Driver Related Revenue Forecasts**  
**September 2009 forecast**  
*millions of dollars*

	FY 2008	FY 2009	2007-09 Biennium	FY 2010	FY 2011	2009-11 Biennium
<b>Total Highway Safety Fund</b>	<b>\$75.3</b>	<b>\$78.0</b>	<b>\$153.3</b>	<b>\$79.7</b>	<b>\$80.8</b>	<b>\$160.5</b>
Drivers License Fees	58.1	58.1	116.2	60.7	61.6	122.3
Copies of Record Fees	14.7	16.8	31.5	16.7	17.0	33.7
Motor Vehicle Filing Fees	2.0	1.9	3.9	1.6	1.6	3.2
Fines & Forfeitures	0.3	0.4	0.7	0.4	0.4	0.8
Drivers License Schools	0.1	0.1	0.2	0.1	0.1	0.2
<b>Total Motorcycle Safety Education Account</b>	<b>2.1</b>	<b>2.3</b>	<b>4.4</b>	<b>1.9</b>	<b>2.0</b>	<b>4.0</b>
<b>Total State Patrol Account</b>	<b>13.5</b>	<b>15.4</b>	<b>28.9</b>	<b>15.7</b>	<b>15.9</b>	<b>31.6</b>
<b>Total Driver Related Revenue</b>	<b>\$90.9</b>	<b>\$95.7</b>	<b>\$186.6</b>	<b>\$97.3</b>	<b>\$98.7</b>	<b>\$196.1</b>
% Change from Prior Fcst			0.3%			-0.7%

### Other Transportation Related Revenue Forecast

The category of transportation related revenue forecasts consist of four primary components: vehicle sales and use taxes, rental car sales taxes, business and other revenue and aeronautics revenue.

#### *Vehicle Sales and Use Tax*

The forecast of consumer spending on new US light vehicles is 157 billion for FY 2009. This represents a decline of 28% from the FY 2008 sales level. This September forecast for FY 2009 is down, 3.8% from the June forecast. Consumer spending on new US light vehicles is expected to grow 2.2% between FY 2009 and FY 2010, which is a decline of 3.4% from the prior forecast. In FY 2011, the growth in consumer spending on light vehicles is projected to be 18.8% which is down 6.7% from the June forecast. In the near term until FY 2016, the forecast of US consumer spending on light vehicles is below the prior forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was \$62.7 million, which represents an increase of \$255,337 (0.41%) from the prior forecast. In the 2009-11 biennium, the vehicle sales and use tax collection forecasted is at \$57.8 million, which is a decline of 7.8% over the prior biennium. The September forecast is \$731,553 million below the June forecast in 2009-11 biennium. This was due to a decline in the Global Insight forecast of the near term growth rate of consumer spending on motor vehicles and parts. Revenues for the remaining biennia are also down from the prior forecast.

#### *Rental Car Sales Tax*

The forecast for rental car sales is projected to be \$46.97 million for the 2007-09 biennium and this is a slight increase of \$69,727 or 0.15% over the prior forecast. In the 2009-11 biennium, the rental car tax is forecasted to be up to \$44.5 million which is an increase of \$1.21 million or 2.8% over the prior forecast. In the 2011-13 biennium, revenues are projected to be \$50 million and up \$411,385 over the prior forecast. In the subsequent biennia, the September projections are for declining revenues.

#### *Business Related Revenue*

The business and other revenue category includes the following revenue sources:

- Sales of property
- WSP and DOT services and publications and documents
- Filing fees and legal services
- Property management
- Other revenues

The September 2009 Motor Vehicle Account Business Related Revenue collections for the 2007-09 biennium are \$14.5 million. This was a reduction of \$1.25 million or 0.9% over the June forecast. This majority of this change was due to accounting revisions and does not reflect an actual loss in revenue to the Motor Vehicle account.

One change in the current Business Related Revenue forecast from the June forecast is that new 2009 legislation specified a list of properties for WSDOT to sell in the future which is projected to result in additional revenue in this forecast. The September Business Related Revenue forecast includes revenue projections for sales of these proviso properties and also sales of the Dryden pit property and Serene Lake property in Snohomish County. As a result, the DOT business related revenues are projected to be up to \$16.5 million in the 2009-11 biennium; an increase of \$2.4 million (17%) over the June forecast. This revenue increase is due to sales of proviso properties and the two additional properties mentioned above which are projected to add additional revenue of \$3.7 million over the past forecast. The outer biennia projections of sales of proviso properties are also higher than the prior forecast by \$1.6 million in the 2011-13 biennium and \$3 million in the 2013-2015 and subsequent biennia show similar trends.

#### *Aeronautics Taxes and Fees*

Aeronautics taxes and fuel tax collections were \$5.7 million in the 2007-09 biennium. This forecast includes both excise and fuel taxes. This forecast of aircraft excise taxes includes total aircraft excise taxes even though 90% of this tax is transferred to the state general fund. In the September forecast, the aircraft registrations, excise, and dealers' taxes are essentially not changed from the prior forecast. The aviation fuel tax is the largest component of the aeronautics tax forecast. In the 2007-09 biennium, aviation fuel tax collections are \$4.97 million. This is a decline of \$196,550 from the prior forecast. In the 2009-11 biennium, the aviation fuel forecast has been lowered by 6.7% to \$4.72 million, representing a decline of \$339,100. This decline in the forecast is mainly due to lower than expected revenue collections to date and the weakening economy.

**Figure 20 Short-term Other Transportation Related Revenue**  
**September 2009 forecast**  
*millions of dollars*

	FY 2008	FY 2009	2007-09 Biennium	FY 2010	FY 2011	2009-11 Biennium
Rental Car Sales Tax	\$24.2	\$22.8	\$47.0	\$22.0	\$22.6	\$44.6
Vehicle Sales & Use Tax	35.5	27.2	62.7	27.1	30.6	57.7
Business Related Rev	8.7	5.7	14.4	7.9	8.6	16.5
Aeronautics Taxes/Fees	3.4	2.4	5.8	2.7	2.7	5.4
Total Other Transportation Related Revenue	\$71.9	\$58.1	\$130.0	\$59.7	\$64.5	\$124.2
% Change from Prior Fcst			-0.9%			2.1%

#### **Ferry Revenue**

Prior to the September 2009 forecast, the baseline ferry forecast assumed a 2.5% fare increase each October. In future quarterly forecasts, the baseline ferry fare forecast will assume no new fare increases beyond what has already been authorized in law at the time of the forecast. In September 2009, the Transportation Commission authorized a 2.5% ferry fare increase. That ferry fare increase is scheduled to begin October 2009 and continue for the remainder of the current biennium so it is included in the September revenue projections. This September forecast compares ferry fare revenues to a no fare increase forecast in June and March forecasts. Even though the September forecast does include a 2.5% fare increase beginning in October 2009, the forecast does not assume additional increases in future ferry fares since those additional fare increases will not become law until the Transportation Commission acts.

For FY 2009, passenger ferry ridership totaled 12,572,700 which is a decline of 2.5% from 2008 ridership level. FY 2009 passenger ridership is up slightly over what was anticipated in the June forecast. In FY 2010, the September 2009 Washington State Ferries passenger ridership demand forecasts reflect a slightly higher ridership demand with a 0.5% increase year over year. For FY 2011, ferry passenger ridership is expected to be up 3% year over year which was nearly equal to the prior forecast. Over the forecast horizon, passenger ridership is up from the last forecast and beginning in FY 2012 the year over year annual growth rates are near 2.7%.

Vehicle/driver ridership is 9,904,800 in FY 2009 which is below the FY 2008 level by 4.7%. In FY 2010, vehicle driver ridership is projected to be 10,279,900 or (3.8%) above FY 2009. FY 2009 September vehicle/driver ridership forecast is revised downward by 0.2% over the prior forecast. In FY 2010, vehicle/driver ridership is down 2.1% from the prior forecast. In the subsequent fiscal years, the annual growth in vehicle/driver ridership is also down from the prior forecast until FY 2012. Beginning in FY 2013, vehicle/driver ridership is up over the prior forecast.

For the 2007-09 biennium, ferry farebox and miscellaneous revenue was \$300 million; \$0.22 million higher than anticipated in the June forecast. In the 2009-11 biennium, ferry farebox revenue is anticipated to be \$301 million and up \$474,000 from the prior forecast. The miscellaneous ferry revenue is projected to be \$7.1 million in the 2009-11 biennium which is a decrease of \$352,000 over the prior forecast. The vessel non-fare revenue decrease in the current and subsequent biennia is due to projecting revenue that was in error and has been removed from the forecast base. The terminal non-farebox revenue is up each biennium over the forecast horizon due to the inclusion of higher terminal parking revenue.

**Figure 21 Short-term Ferry Revenue**  
**September 2009 forecast**  
*millions of dollars*

	FY 2008	FY 2009	2007-09 Biennium	FY 2010	FY 2011	2009-11 Biennium
Farebox Revenue	\$148.4	\$144.5	\$292.9	\$147.8	\$153.3	\$301.1
WSF Misc. Revenue	3.4	3.6	7.0	3.5	3.6	7.1
Total Ferry Revenue	\$151.8	\$150.0	\$299.9	\$151.3	\$156.9	\$308.2
% Change from Prior Fcst			0.1%			0.04%

## Toll Revenue

The major change in the September forecast for TNB toll revenue forecast is that the baseline forecast will not include future toll rate increases that have not yet been authorized under current law. Toll collection for the Tacoma Narrows Bridge began on July 16, 2007. From July 16, 2007 to June 30, 2008, the tolls were \$1.75/ETC per 2-axle vehicle and \$3.00/cash per 2-axle vehicle with per axle proportional tolls for multi-axle vehicles. Discounted rates apply for multi-axle vehicles with ETC. Toll rates for FY09 and all future fiscal years are assumed to be \$2.75/ETC per 2-axle vehicle and \$4.00/cash per 2-axle vehicle. In the June forecast, the major difference from the prior forecast was the loss in revenue from the Transportation Commission not raising the FY 2009 toll rates on the Tacoma Narrows Bridge. In this September forecast, no more future toll rate increases are included for FY 2010 or outer biennia so toll rates remain at \$4.00 for cash and \$2.75 for electronic toll collection (ETC). To address this baseline forecast change, the June forecast has been rebased to also exclude the impact of future toll rate increases so a valid comparison can be made for this baseline forecast revision.

### *Tacoma Narrows Bridge*

The September Tacoma Narrows Bridge toll revenue forecast incorporates new short-term traffic projections developed by the traffic and revenue consultant for the Tacoma Narrows Bridge. Average daily traffic grew minimally in FY 2009 by 0.2% from FY 2008 to 13,908,449. In FY 2010, the September forecast of traffic volume is above the FY 2009 traffic volume year over year by 4% and this growth rate is lower than the prior forecast by 4.5%. In FY 2011, traffic volume is expected to grow by 6.5% from the prior year, which is a downward revision of 3.5% from the prior forecast. Traffic growth in FY 2012 is projected to be 4.3% year over year, which is slightly below the prior forecast by 1%. In fiscal years beyond 2012, there is no change in the traffic volume forecast from the prior forecast.

Total TNB toll revenue for the 2007-09 biennium was \$73.98 million which was slightly higher, \$883,942 or 1.2%, over the June forecast. In the 2009-11 biennium, toll revenues are projected to be \$93.4 million, which is a decline from the prior forecast of \$3.6 million or 3.7% due to lower expectations about the economy. In the 2011-13 biennium, this September forecast of toll revenue is down \$504,355 (0.5%) from the June forecast. All future biennia beyond 2011-13 do not have a change in the revenue forecast.

Fines and fees revenue for the 2007-09 biennium was \$1.06 million which is slightly above the prior forecast. In the 2009-11 biennium, fines and fees are projected at \$1.4 million which is up by \$80,210 over the June forecast. Revenue of transponders and shield sales was \$1.4 million in the 2007-09 biennium. Revenue from transponders and shields is projected to be \$1.3 million in the 2009-11 biennium. This is a decline of \$13,645 or 1% from the prior forecast. Total revenue on the Tacoma Narrows bridge is projected to be \$96.0 million in the 2009-11 biennium, a decline of \$3.56 million, or 3.6% over the prior forecast. In the 2011-13 biennium, total TNB revenue is projected to be \$103.9 million, decline of \$431,787 over the prior forecast.

#### *SR 167 High Occupancy Toll Lanes Revenue*

The traffic volume on the SR 167 HOT lanes is 386,000 in FY09. Traffic volume in FY 2010 is expected to grow to 510,000 which represents a 32% growth year over year from FY 2009. The FY 2010 traffic growth rate in this current forecast is 14.7% below the prior forecast. In FY 2011, traffic volume is projected to be 685,000 which is a drop of 19% from the prior forecast. In FY 2012, traffic volume is projected to be 760,833 which is 11% higher than FY 2011 traffic volume and a decline from the past forecast by 32%. Revenue from HOT lanes' tolls, sales and fees in FY 2009 was \$513,917 which is \$22,797 above the June forecast. In the 2009-11 biennium, HOT lanes total revenue is projected at \$1.4 million which is a lower forecast of 7.43% from the June forecast.

#### *Total Toll Revenue*

Total revenue (toll, fines and fees, and transponder revenue) was \$76.9 million in the 2007-09 biennium which was an increase of \$963,695 over the prior forecast. In the 2009-11 biennium, the total revenue is projected to be \$97.5 million which is down \$3.7 million below the June forecast.

**Figure 22 Short-term Toll Facility Revenue**

**September 2009 forecast**

*millions of dollars*

	FY 2008	FY 2009	2007-09 Biennium	FY 2010	FY 2011	2009-11 Biennium
<b>Tacoma Narrows Bridge</b>						
Toll Revenue	\$29.7	\$44.3	\$74.1	\$45.5	\$47.9	\$ 93.4
Fines and Fees	0.5	0.6	1.1	0.7	0.7	1.4
Sales	0.8	0.6	1.4	0.6	0.6	1.3
<b>HOT Lanes</b>						
Toll Revenue	0.05	0.3	0.4	0.4	0.7	1.1
Fines and Fees	0.0	0.0	0.0	0.0	0.0	0.0
Sales	0.05	0.09	0.14	0.12	0.17	.29
<b>Total Toll Facility Revenue</b>						
Total	\$31.0	\$45.9	\$76.9	\$47.4	\$50.1	\$ 97.5
% Change from Prior Fcst			1.3%			-3.6%

## **Federal Funds**

The September baseline federal funds forecast is essentially a no change forecast from the June forecast except for the estimation of Washington's share of the existing SAFETEA-LU rescission. The September 2009 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the December 11, 2008, apportionment notices for federal fiscal year (FFY) 2009 and the March 25, 2009 Obligation Authority notice for federal fiscal year (FFY) 2009. The September forecast of Washington's SAFETEA-LU rescission amount has incorporated Public Law 110-224 enacted in 2008, which increased the national rescission amount to \$8.705 billion, and the recently passed FY09 Omnibus Budget which added a new rescission of \$54 million for Washington. Washington's portion of the \$8.705 billion rescission is \$148 million from a recently released FHWA notice dated August 31, 2009. This revised rescission amount is \$32 million less than was forecasted in prior forecasts.

The September forecast for FFY 2010 is set at 80% of the FFY 2009 pre-rescinded level. FFY 2010 – FFY 2025 are projected to grow at a rate of 1.5% - 1% annually. In the forecast horizon, obligation

authority is estimated at 90% of total apportionment. The program structure for FFY 2010 – FFY 2025 will remain the same as under SAFETEA-LU until a new surface transportation package is passed.

**Figure 23 Washington's portion of Federal Highway Funds by Federal Fiscal Year**  
**September 2009 forecast**  
*millions of dollars*

	FFY 2008	FFY 2009	FF 2010	FY 2011
WA Statewide Apportionment of FHWA Programs	641.0	453.0	531.0	538.0
Obligation Authority	624.0	612.0	478.0	484.0

The September forecast includes an alternative forecast based on the new FFY2010 budget request by Chairman Oberstar in HB 3288. This new FFY 2010 federal budget increases highway funding by 1% over FFY 2009. Then the subsequent years forecast assumes growth rates of 1.5 to 1%. A second alternative forecast has been completed to estimate the impact of the elimination of the existing SAFETEA-LU rescission.

## Forecast Contacts

Washington State Department of Transportation unless otherwise noted

### Economic Variables and Fuel Price Forecast

Lizbeth Martin-Mahar, 360-705-7942 [martinli@wsdot.wa.gov](mailto:martinli@wsdot.wa.gov)

Fanny N. Roberts, 360-705-7991 [robertsf@wsdot.wa.gov](mailto:robertsf@wsdot.wa.gov)

### Motor Fuel Tax Revenue Forecast

Fanny N. Roberts, 360-705-7991 [robertsf@wsdot.wa.gov](mailto:robertsf@wsdot.wa.gov)

### Motor Vehicle Licenses, Permits & Fees Revenue Forecast

Thomas L. R. Smith, 360-705-7941 [smithtm@wsdot.wa.gov](mailto:smithtm@wsdot.wa.gov)

Alice Vogel, Washington State Department of Licensing, 360-902-3986 [avogel@dol.wa.gov](mailto:avogel@dol.wa.gov)

### Driver Related Revenue Forecasts

Alice Vogel, Washington State Department of Licensing, 360-902-3986 [avogel@dol.wa.gov](mailto:avogel@dol.wa.gov)

Robert A. Plue, Washington State Department of Licensing, 360-902-3643 [rplue@dol.wa.gov](mailto:rplue@dol.wa.gov)

Jean Du, Washington State Department of Licensing, 360-902-3641 [jdu@dol.wa.gov](mailto:jdu@dol.wa.gov)

### Other Transportation Related Revenue Forecast

#### *Vehicle Sales & Rental Car Tax*

Lance Carey, Washington State Economic and Revenue Forecast Council, 360-570-6104  
[lancec@dor.wa.gov](mailto:lancec@dor.wa.gov)

#### *Business and Other Revenue*

Claudia Lindahl, 360-705-7454 [lindahc@wsdot.wa.gov](mailto:lindahc@wsdot.wa.gov)

#### *Aeronautics Revenue*

Fanny N. Roberts, 360-705-7991 [robertsf@wsdot.wa.gov](mailto:robertsf@wsdot.wa.gov)

Alice Vogel, Washington State Department of Licensing, 360-902-3986 [avogel@dol.wa.gov](mailto:avogel@dol.wa.gov)

## **Washington State Ferries Ridership and Revenue Forecast**

Ray Deardorf, 206-515-3491 [deardorf@wsdot.wa.gov](mailto:deardorf@wsdot.wa.gov)

## **Toll Operations Traffic and Revenue**

Jeff Caldwell, 360-704-6319 [caldweij@wsdot.wa.gov](mailto:caldweij@wsdot.wa.gov)

## **Federal Funds Forecast**

Kasi Reeves, 360-705-7935 [reevesk@wsdot.wa.gov](mailto:reevesk@wsdot.wa.gov)